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ABSTRACT

In 1992, in response to legislative mandate, Prince George's Community College (PGCC) (Maryland) conducted an evaluation of the effectiveness of the its financial plan. Specifically, the evaluation focused on cost containment measures used to maintain low tuition and moderate future increases in student charges; cost per student of each academic discipline; county support for PGCC in relation to tuition and fees; and the maintenance of effort by the County Executive and the County Council. Evaluation highlights included the following: (1) to meet the immediate crisis of a fiscal year (FY) 1992 funding deficit of $3.8 million, PGCC implemented several cost containment measures and an employee furlough plan, transferred capital expense reserve fee revenues to the operating budget, and introduced a new instructional services fee; (2) for FY93, PGCC utilized administrative reorganization, implemented a voluntary resignation incentive program, and trimmed personnel to meet an anticipated further deficit of $1.8 million; (3) the five most expensive disciplines identified by cost analysis were education, office administration, nuclear medicine, respiratory therapy, and electronics technology; (4) the five least expensive disciplines were early childhood management, paralegal studies, criminal justice, and developmental math and English; (5) only two of the nine programs included in a program core discipline review were estimated to offer substantial potential net savings upon termination; (6) statewide, county aid provided 39% of community college unrestricted revenues in FY91, while PGCC received only 29% of its aid from county support; (7) Prince George's County allocated 1.2% or less of its budget to PGCC, while peer counties had contributed on average twice as large a share of their budgets to their community colleges; and (8) with the lowest level of county support, PGCC had the highest tuition and fee charges among its peer colleges. (JMC)

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A COMMUNITY COLLEGE RESPONDS TO A STATE BUDGET CRISIS:

AN EVALUATION OF THE FINANCIAL PLAN OF PRINCE GEORGE'S COMMUNITY COLLEGE

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September 1, 1992

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PRINCE GEORGE'S COMMUNITY COLLEGE

Report to the Maryland Higher Education Commission
and the Maryland General Assembly
in Compliance with Section 8, Chapter 465 of the Acts of 1991

Submitted by the Board of Trustees
Prince George's Community College

September 1, 1992

Introduction

This report satisfies the mandate of Section 8 of Chapter 465 of the Acts of 1991 that by September 1 of each year the Board of Trustees of Prince George's Community College submit a report evaluating the effectiveness of the College's financial plan. The report must include the following:

1. cost containment measures taken by the Board to maintain low tuition and moderate future increases in student charges;

2. analyses of the cost per student of each academic discipline offered at the College;

3. (i) the amount of the County share of College operating funds and its relationship to the tuition and fees paid by students at the College; and

(ii) an analysis and evaluation of the maintenance of effort by the County Executive and the County Council of Prince George's County.

In accord with the above requirements, this report is divided into three sections:

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I. Cost Containment Measures

Background

Historically, Prince George's Community College has been among the most cost-efficient community colleges in Maryland. Its overall cost per student has consistently been among the lowest in the state. During the past six years, for example, the cost per full-time-equivalent student at Prince George's Community College has ranked no higher than 10th among the 17 Maryland community colleges, and has twice ranked 16th. (In other words, in two of the last six years 15 of the other 16 community colleges spent more money per student than PGCC.) The College is now paying a price for its record of cost efficient operations, however. The impact of the recent budget cuts resulting from the state's fiscal crisis has been particularly severe for PGCC. Efficiently operating before the budget cuts, the cuts have forced implementation of cost containment measures that if continued will impair the College's ability to deliver quality education at affordable costs to the citizens of Prince George's County.

Cost Containment Measures Implemented in Fiscal Year 1992

The state funding reversion for fiscal year 1992 consisted of a 25 percent reduction in direct state aid to community colleges, plus a similar reduction in the state's contribution to college FICA and retirement systems. This resulted in an effective 33 percent cut in state assistance to Prince George's Community College, since the College had to make up the cut in the retirement/FICA contribution. In dollars, the direct aid cut to PGCC was $2.9 million and the retirement/FICA cut was $0.9 million, for a total reduction of $3.8 million. This constituted ten percent of PGCC's fiscal year 1992 budget of $38.4 million. In addition to the state aid cut, the County eliminated a planned $1.1 million dollar increase in aid to PGCC, providing the College with the same local aid in FY92 that it had received in FY91.

To meet the immediate FY92 crisis, the College implemented several cost containment measures. These included a freeze on hiring, elimination of all conference travel, elimination of professional development and training budgets, and a freeze on all equipment purchases. Only essential purchases of supplies and materials in direct support of instruction and safeguarding life and property were permitted. These measures produced savings of approximately $1.3 million.

An employee furlough plan was implemented. Twelve-month employees were furloughed seven days, and ten-month employees were

furloughed five days. Employees lost an average of $1,000 in wages, with the pay cut spread evenly across all remaining paychecks. In addition, the rate of compensation for full-time faculty teaching summer session courses was reduced. Together, these measures cost College employees $850,000 in lost wages.

To further close the funding gap, $150,000 in Capital Expense Reserve Fee revenues were transferred to the operating budget.

Finally, a new Instructional Services Fee (ISF) was introduced. This new comprehensive student fee was based on a discipline cost analysis, which identified differences in the cost of providing instruction in different disciplines. Three levels of ISF were set--$15, $20, and $25 per credit hour--depending on the level of discipline cost. Less expensive lecture courses were assigned the $15 fee, expensive, limited-enrollment health technology courses assigned the $25 fee, with laboratory courses typifying the mid-range at $20 per credit hour. The ISF replaced laboratory and field experience fees, the Capital Expense Reserve fee, and the Natatorium fee. The new fee structure costs a part-time student carrying seven credit hours $91 to $136 more per term, depending on the particular courses taken. The ISF raised $1.5 million in revenue. To sum up, the fiscal year 1992 state aid reduction was met as follows:

Summary of FY92 Measures to Meet State Aid Reversion

Cost containment	$1,300,000
Employee furlough	600,000
Summer teaching pay rate	250,000
Capital Expense Reserve Fund transfer	150,000
Instructional Services Fee	1,500,000
Total	$3,800,000

Cost Containment Measures Implemented for Fiscal Year 1993

The College's asking budget for fiscal year 1993 was the same as the year before, $38.4 million. Initial revenue projections indicated a likely deficit of $1.8 million. To meet this anticipated budget deficit, three strategies were implemented at the beginning of the year. A fourth strategy, elimination of programs and services, served as a contingency plan should the financial situation deteriorate further.

The first strategy was administrative reorganization. Through reallocation of responsibilities, seven administrative positions were abolished. This reduction, from 41 to 34, represented a 17 percent decrease in administrative positions. The posi ions that were abolished through reorganization were:

Administrative Positions Abolished through Reorganization
Effective July 1992

Dean of Computer and Engineering Technology
Dean of Educational Development
Dean of Humanities
Dean of Science and Mathematics
Dean of Physical Education, Health, and Athletics
Director of Admissions and Recruitment
Director of Career Assessment and Planning

The second strategy to help meet the projected FY93 deficit was implementation of a voluntary resignation incentive program, commonly referred to as the "early out," offered to College employees with a minimum of 20 years of service. Of the 170 employees eligible, 17 or ten percent applied for the program and were approved. Ten faculty, 3 administrators, and 4 classified staff will receive incentive payments equal to half their annual FY92 salary in exchange for their early resignation.

The third strategy for FY93 budget planning involved cost savings through "downsizing" efforts implemented by the vice presidents in each area. Though the measures adopted varied by area, common approaches included eliminating vacant positions from the operating budget and reducing hours of operation. The staffing reductions and total cost savings realized in each administrative area were as follows:

Fiscal Year 1993 Initial Downsizing by Area
Savings from Personnel Reductions and Other Cost Containment

Area	Staffing Reductions Full-time	Part-time	Total Savings
Administration and Finance	8	2	$228,000
Advancement and Planning	1	1	50,100
Continuing Education	1	2	132,600
Instruction	6	1	255,800
Student Services	1	4	135,200
Totals	17	10	$801,700

In addition to the above measures, the College entered FY93 continuing the austerity program of no professional development, no conference travel, and a freeze on all hiring except positions deemed essential by the President. Employees received no salary improvements, neither longevity nor cost of living, but rather will be paid at their FY92 rate. In summary, the anticipated $1.8 million FY93 deficit was met as follows:

Measures to Meet Fiscal Year 1993 Deficit

Administrative reorganization	$0.3 million
Voluntary resignation incentive program	0.4 million
Area downsizing	0.8 million
Cost containment	0.3 million
Total	$1.8 million

II. Discipline Cost Analysis

Background

Section 8 of Chapter 465 of the Acts of 1991 requires Prince George's Community College to conduct an analysis of the cost per student of each academic course discipline offered within its total instructional program. The analysis must identify the five highest and five lowest cost disciplines, and assess the extent to which such costs may be reduced.

Due to the demise of the State Board for Community Colleges, comparative discipline cost data from other Maryland community colleges are not readily available. During the period the SBCC discipline cost reporting system was in effect, PGCC consistently had per-student costs below both the average of the six largest Maryland community colleges (PGCC's peer group) and the statewide community college average.

Methodology and Limitations

The discipline cost analysis was produced using computer software developed by the State Board for Community Colleges. These programs yield total cost per FTE student for teaching classes in each instructional discipline (e.g., mathematics, English, nursing). Total costs include faculty compensation, additional direct instructional costs (including classroom supplies and laboratory equipment), and indirect or overhead costs (e.g., utilities, physical plant costs) allocated across disciplines in proportion to their respective shares of total College enrollment. Costs are assigned to individual course sections and then summed to the discipline level.

Several factors affect unit discipline costs. The dominant type of instructional methodology--whether lecture, laboratory, or clinical experience--is an obvious example. Health technology courses involving hospital clinicals have enrollment limits and specified student/instructor ratios that drive up unit costs. Laboratory classes may have high equipment and supply costs. Per-

student costs are also influenced by the average class size, proportion of adjunct faculty, and rank of full-time faculty teaching in the discipline. Because of the influence of faculty compensation on direct costs, cost differences between disciplines may reflect institutional history more than inherent productivity differences. A discipline may be less expensive because it is relatively new with faculty at lower ranks, or because it grew during a period when the College was not adding full-time faculty.

Discipline Cost Analysis for Fiscal Year 1992

Per-student costs at PGCC in fiscal year 1992 ranged from a low of $2,738 in Early Childhood Management to a high of $6,760 in Education. The median, with half the disciplines having a higher cost and half a lower cost, was $3,934. The complete list of per-student costs for disciplines offered in FY92 is appended.

High and Low Cost Disciplines in FY92

The legislation specifies that the five most expensive and five least expensive disciplines be identified, as determined by cost per FTE in the most recent fiscal year for which data are available. The five highest and lowest cost disciplines in FY92 were as follows:

High and Low Cost Disciplines in Fiscal Year 1992

Highest Cost per FTE		Lowest Cost per FTE	
1. Education	$6,760	1. Early Childhood Mgt.	$2,738
2. Office Admin.	6,681	2. Paralegal Studies	2,848
3. Nuclear Medicine	6,642	3. Criminal Justice	2,890
4. Respiratory Therapy	6,620	4. Developmental Math	2,899
5. Electronics Tech.	6,043	5. Developmental English	2,930

Evaluation of High-cost Disciplines in FY91

The College's first report in compliance with Section 8, in addition to providing all requested information, outlined a comprehensive discipline cost assessment framework adopted by the College that exceeded the requirements of the Act. This framework is presented verbatim in the following sections of this report. Following the description is the College's first application of the framework.

Discipline/Program Review and Assessment Framework

Cognizant of the limitations of the discipline cost approach to instructional assessment, but mindful of the need for accountability in the institution's allocation of its scarce resources, the Board of Trustees of Prince George's Community College charged the administration with the task of designing and developing an assessment methodology which, while sensitive to discipline costs, would provide means for a more accurate, complete, and useful analysis of instructional disciplines and programs. Members of the President's Council, after extensive discussion and analysis, have developed this new Discipline/Program Review and Assessment Framework, which will become part of the College's standard operating procedures. This assessment procedure goes well beyond the statutory requirements of Section 8 and will provide, we believe, more comprehensive and useful discipline/program assessment information.

The discipline cost analysis is the starting point for the discipline/program review. All credit disciplines are rank ordered by most recent year cost per FTE as generated by the discipline cost analysis. Disciplines falling into the highest quintile of the cost ranking (i.e., disciplines with costs per FTE within the highest 20 percent of all disciplines) become the subjects of the discipline/program assessment process. If the discipline constitutes the core of an instructional program (e.g., Nursing, Electronics, Computer Information Systems, etc.), the assessment focuses on the associated program. The program assessment contains the following data elements:

1. Inferred Program Cost (IPC) per FTE

   This differs from the discipline cost in that all courses necessary to complete a program, general education as well as specialized courses, are included in the cost computation; the actual cost of operating a nursing program, for example, depends on the cost of offering English, social science, and science courses as well as nursing courses.

2. Three-year program enrollment trend

   This shows the number of students enrolled in the program for the last three academic years.

3. Total enrollment of students having this program goal

   For most occupational programs, students who do not meet admission standards must enroll in preparatory courses prior to taking specialized courses; for example, while 249 students were enrolled in nursing courses in FY91,

650 additional students were preparing themselves for future enrollment in nursing. This data element is important because it measures the total impact of the program, both current and future.

4. Program success rate

   This is the percentage of students completing the program, transferring, or still enrolled four years after initial enrollment.

5. Graduate success rate

   This is the percentage of program completers who are either employed in their field of study or continuing their education.

6. Community impact of program

   This is a qualitative assessment of the relative importance of the instructional program in terms of community needs; primarily reflects the need for program graduates in the county's workforce.

7. Impact of program termination on revenues and expenditures

   This compares the cost savings of program elimination with the revenue loss, tuition and state aid, associated with this strategy.

8. Degree to which program is central to College mission

   This is a qualitative assessment of the degree to which the elimination of this program would impact the College's ability to carry out its mission.

Supporting Discipline Review and Assessment

Disciplines which are not associated with unique programs, but rather support a range of programs or fulfill the College's general education requirement, are assessed on a discipline rather than a program basis. The discipline-based assessment factors are as follows:

1. Discipline cost per FTE

2. Number of degree programs which require one or more courses in this discipline

3. Three-year discipline enrollment trend

4. Overall student pass rate for discipline

   Percentage of students enrolled in all courses in this discipline during most recent academic year who earned a passing grade.

5. Transferability of Courses

   This factor is a qualitative assessment of the relative degree to which the courses offered in this discipline transfer to four-year colleges and universities.

6. Impact of discipline termination on revenues and expenditures

7. Degree to which discipline is central to College mission

After carrying out the appropriate assessment, either program-based or discipline-based, a recommended action will be selected from among the following choices: (a) continuation without major change; (b) major modification; (c) consolidation/downsizing; or (d) termination.

Discipline Cost Analysis: Highest Cost Disciplines in FY91

Unit costs were calculated for all courses taught at PGCC in FY91 using the SBCC-developed discipline cost analysis software. Excluding courses in discontinued programs, plus interdisciplinary and experimental courses, costs per FTE were identified for 48 credit disciplines plus continuing education. The framework requires an evaluation of disciplines falling in the highest quintile of unit costs--the top ten in cost per FTE. For FY91, these were Respiratory Therapy, Nuclear Medicine, Medical Records, Office Administration, Physical Education, Nursing, Hospitality Services, Anthropology, Electronics Engineering Technology, and Drafting. The framework calls for a discipline constituting the core of a program or curriculum to be evaluated within the context of the overall program. (Discontinuance of nursing courses, for example, would mean eliminating the Nursing program. Thus an evaluation of the discipline must take place as part of an assessment of the associated program.) Eight of the ten highest-costing disciplines in FY91 were program core disciplines. In addition, physical education courses are the core of the Physical Education curriculum, and were thus included in the initial program evaluation. However, physical education courses primarily serve general education purposes and they are more appropriately evaluated, along with anthropology, using the supporting discipline review framework.

Program Core Discipline Evaluation Indicators

The evaluation framework identifies six quantitative indicators. These include measures of enrollment magnitude and change, program success in terms of student completion of the curriculum and graduate success in transfer and employment, and two cost measures: inferred program cost and the net impact on revenues and expenditures if a program were discontinued. The following table summarizes these indicators for the nine programs investigated:

Program Core Discipline Evaluation Indicators

Discipline	IPC	Number of Majors	3-year Percent Change	Successful Program Outcome	Graduates Employed or Transfer'd	Estimated Program Termination Savings
Drafting	$9,126	105	-14%	13%	86%	$100,800
Electronics	10,807	245	- 7%	50%	83%	11,100
Hospitality	11,252	64	-35%	67%	93%	46,700
Med. Record	10,687	60	+40%	*	93%	45,800
Nuclear Med	11,735	43	+19%	*	90%	31,300
Nursing	11,358	1,076	+43%	39%	97%	(122,400)
Office Adm	10,107	101	-18%	47%	94%	283,100
Physical Ed	9,250	22	-41%	*	*	(3,300)
Respiratory	13,351	108	+163%	40%	100%	8,200

*insufficient data

NOTES:
1. IPC is inferred program cost for FY91.
2. Number of majors is Fall 1991 including petitioners.
3. Percent change in headcount majors is Fall 1989-91.
4. Successful program outcome is percent graduating, transferring, or still enrolled after four years, based on MHEC analysis of Fall 85 full-time entrants.
5. Graduate employment and transfer covers FY88-90.
6. For estimated savings from program termination, see report narrative.

Enrollment

Not surprisingly, several of the high-cost programs had low numbers of student majors. This tended to drive the unit costs of teaching the associated disciplines high due to small class sizes. (This does not apply to Physical Education because of its role as a general education discipline. Physical Education courses are costly due to other factors.) However, not all high-cost programs were underenrolled. Nursing, and to a lesser extent, Electronics Engineering Technology, were among the College's larger programs in headcount majors. Clinical enrollment limitations, high proportions of faculty at higher ranks, and proportionately fewer

sections taught by adjunct faculty all contributed to higher discipline costs and thus inferred program costs.

Student Outcomes

Two measures of student success were identified in the framework. The first examined student success in their program, measured as the percentage of students graduating, transferring, or still enrolled at PGCC four years after entry to the College. Because other research office studies had documented transfer as the College's primary conventional outcome, with many more students transferring than graduating from PGCC, a measure including transfer was essential. Unfortunately, this meant limiting the assessment to data provided by MHEC in order to capture transfer most fully. The data used in this report were from a MHEC analysis of students entering the College as full-time students in Fall 1985. Collegewide, 43 percent of the Fall 1985 entrants had graduated, transferred, or were still enrolled in 1989. Hospitality Management and Electronics Technology students as a group had above average achievement levels, while only two of the 15 Drafting students had succeeded by this measure. The other programs under study were near the collegewide rate.

Though over half of the students entering the College fail to achieve success in the traditional ways (transfer or graduation) within four years, students who complete PGCC programs have typically been successful in finding employment or continuing their education. This has been true of the graduates from the nine programs under study; in six of the programs, nine out of ten graduates have been successfully employed in a related field or continuing their education when surveyed within a year of graduation. The lowest rate of related employment or continuing education has been in Electronics, where 83 percent of the FY88-90 graduates have been successful by this measure. In short, the graduates of these programs were successful, at least in terms of meeting the short term employment and transfer goals of the curricula.

Cost Analysis

The College's assessment framework calls for two cost measures. The first, called the Inferred Program Cost (IPC), has been routinely calculated for PGCC occupational programs since FY84. The intent is to approximate the cost of one student completing the curriculum requirements for a degree based on the costs in a given fiscal year of the courses constituting the particular degree program. Since all programs share a similar set of general education requirements, differences in IPCs generally reflect differences in the unit costs of the disciplines associated with the programs. (Nursing has a high IPC because nursing courses

have a high unit cost.) Among the programs under review, all had FY91 IPCs above the College average except Drafting and Physical Education. Since a criterion for inclusion in this review was high discipline unit costs, this finding was not unexpected.

Estimating the net impact of program discontinuance on revenues and expenses was the most formidable challenge in this assessment. It involved several steps. Terminating a program would not mean that all students majoring in it would attend other colleges. The research office has included on several of its surveys the question: "Would you have attended PGCC if your specific program had not been available?" Answers to this question were used to estimate the number of FTEs that would be lost in conjunction with program termination. The FTE loss included all courses a major enrolled in, not just the discipline associated with the program. The Induced Course Load Matrix (ICLM) was used to determine the total hours, and hours in each discipline, associated with majors in each program. Thus FTE losses could be estimated for each program's discontinuance. Multiplying these estimated FTE losses by an average revenue of $2,382 per FTE (arrived at in consultation with the College controller) yielded estimated revenue losses for each program. (All calculations in this analysis were based on College expenditures and the funding formula in effect in FY91.)

Estimated cost savings from program discontinuance reflected the costs of instruction for the courses in the associated discipline plus the costs of sections in other disciplines filled by program majors. Termination of the Nursing program, for example, would reduce the number of sections needed in biology substantially. The FY91 ICLM reports were used to estimate the number of sections in other disciplines that would be unnecessary. To calculate cost savings, it was assumed these sections would have been taught by adjunct faculty.

Physical Education, because of its primary role as a general education component, was treated differently. The estimated expenditure savings were not based on elimination of all physical education courses, but only the FTEs in physical education generated by the majors the model assumed would not have attended PGCC. It was assumed the College would continue to offer physical education courses even if the Physical Education program was discontinued.

The largest potential savings were associated with termination of Office Administration and Drafting. Perhaps the most interesting case was Nursing. Although discontinuance of the Nursing program would produce expenditure savings estimated at over $680,000, its impact on revenue would be even greater. Because Nursing petitioners and students accounted for considerable credit hours in disciplines other than Nursing, including several low cost disciplines, the revenue loss associated with discontinuance

exceeded the cost savings. Thus discontinuance of the expensive Nursing program would result in a net loss to the College.

Summary: Program Core Discipline Review

Only two of the nine programs reviewed were estimated to offer substantial potential net savings upon termination. Although both have had declining enrollment recently, both had over 100 student majors in Fall 1991. Graduates of both have had success in transferring and obtaining employment.

Supporting Discipline Review and Assessment

Two of the high-cost disciplines in fiscal year 1991 were supporting disciplines: anthropology and physical education. The introductory courses in physical and cultural anthropology satisfy the College's general education requirements in social science. Though the College has a Physical Education curriculum, most students taking physical education courses are not Physical Education majors. The College requires a minimum of 2 credits in physical or health education courses for graduation, regardless of curriculum.

The evaluation framework for supporting disciplines, described in an earlier section of this report, includes indicators of enrollment trend, cost per student, student course success, and net financial savings or loss upon discipline termination. These indicators were as follows for the two supporting disciplines under review:

Supporting Discipline Evaluation Indicators

	FY89	FY90	FY91
Anthropology			
Annual FTEs	12	11	13
Cost per FTE	$5,900	N.A.	$5,852
Course pass rate	64%	69%	62%
Net savings if terminated			$17,719
Physical Education			
Annual FTEs	163	162	156
Cost per FTE	$5,300	N.A.	$6,148
Course pass rate	87%	89%	87%
Net savings if terminated			$235,972

Though similar in per-student cost, the two supporting disciplines under review differ in most other respects. Fewer than ten sections of anthropology are taught annually, with only one full-time faculty member teaching in this area (he also teaches sociology courses). The courses are challenging, with student pass rates below the average for social sciences at PGCC. In FY91, anthropology courses cost $17,719 more to deliver than they generated in revenue. Actual savings associated with discipline termination would be less, since the tenured faculty member would probably teach a full contract load in sociology, with the faculty savings limited to a reduction in adjunct sociology instructors. Physical education, in contrast, had 12 times the FTE enrollment of anthropology, was taught by eight full-time faculty, and would produce substantial savings upon termination. However, this is moot since physical education is a graduation requirement at PGCC, and as such cannot be eliminated. As a cost containment measure, the College eliminated for the Fall 1991 semester all one-credit physical education courses. These skill laboratories, which required three hours of activity practice without a formal class, were just as costly to teach as two-credit courses that included one class hour and two practice hours, but they generated half the FTE enrollment--driving up per-student costs. Elimination of the one-credit option did contribute to a reduction in the physical education cost per FTE, which fell from $6,148 in FY91 to $5,266 in FY92.

Conclusions

The discipline/program review and assessment framework adopted last year calls for a summary judgment to be made for each discipline evaluated, from the following choices: (a) continue without major change, (b) major modification, (c) consolidation or downsizing, and (d) termination. Based upon the analysis presented above, the College has made the following determinations of action:

Recommended Actions, Discipline Assessments, September 1992

	Continue	Modify	Downsize	Terminate
Anthropology	X			
Drafting	X			
Electronics Eng. Tech.	X			
Hospitality Services Mgt.	X			
Medical Records	X			
Nuclear Medicine	X			
Nursing	X			
Office Administration	X			
Physical Education	X			
Respiratory Therapy	X			

III. Analysis and Evaluation of Maintenance of Effort by Prince George's County

Background

Maryland community colleges receive financial support from both the state and their local jurisdiction, as well as revenue from student charges and other income from operations and investments. Statewide, in fiscal year 1991 the 16 locally-governed community colleges received 39 percent of their revenue from local aid, 27 percent from the state, 31 percent from student tuition and fees, and the remaining 3 percent from other sources. (If state paid benefits--$26 million contributed to Social Security, TIAA/CREF, and state retirement plans--are included, the percentages change to 37 percent local, 33 percent state, 28 percent students, and 2 percent other.)

The funding contribution of Prince George's County to Prince George's Community College over the past six fiscal years is shown below:

Prince George's County Contribution and PGCC Budgets, FY87-92

Year	County Contribution	PGCC Budget	Percent
FY87	$6,956,591	$27,391,988	25%
FY88	7,524,168	28,310,477	27
FY89	8,131,112	30,070,417	27
FY90	9,036,789	33,648,461	27
FY91	10,032,466	34,886,582	29
FY92	10,032,466	38,372,310	26

In the remainder of this section, several ways of assessing the relative contribution of county aid to local community colleges are reviewed. The peer counties selected for this analysis included Anne Arundel, Baltimore, Howard, and Montgomery. For comparisons among colleges, of the three in Baltimore County, Catonsville and Essex were included but Dundalk, due to its smaller size, was not. Howard Community College, though smaller than the others, was included in the analysis due to its suburban setting and location in the Baltimore-Washington corridor. The data analyzed were the most recent readily available.

Dollar Amount of Aid

Baltimore County provided the most community college aid in fiscal year 1991, contributing a total of $31,913,650 to its three community college campuses. Montgomery County was a close second,

providing $31,367,118. Prince George's County contributed $10,032,466 to PGCC, an 11 percent increase from the year before. Howard County provided the largest percent increase, providing nearly $7 million, up 22 percent from FY90. Local aid in FY90 and FY91 to the six colleges under investigation was as follows:

Dollar Amount of Local Aid, FY90-91

College	FY90 Aid	FY91 Aid	1990-91 Change
Montgomery	28,792,144	31,367,118	8.9%
Catonsville	13,274,015	14,247,749	7.3%
Essex	10,976,746	11,450,579	4.3%
Anne Arundel	9,674,590	10,547,970	9.0%
Prince George's	9,036,789	10,032,466	11.0%
Howard	5,725,450	6,986,000	22.0%

County Share of College Operating Budgets

Statewide, county aid provided 39 percent of community college unrestricted revenues in FY91. The table below shows local aid shares of college budgets for the FY87-91 period:

County Aid Percentage of College Operating Budgets, FY87-91

College	FY87	FY88	FY89	FY90	FY91
Montgomery	45%	47%	47%	46%	47%
Howard	37	40	42	41	46
Essex	44	45	46	41	42
Catonsville	42	42	43	39	39
Anne Arundel	42	42	40	37	38
Prince George's	25	27	27	27	29

Prince George's County has historically provided less than a third of the College's budget. As the above table shows, PGCC's peers have had much greater shares of their budgets contributed by their counties. The decline in local aid shares in FY90 reflected the 18 percent increase in state formula aid that year.

County Aid per FTE Student

How much aid have counties provided per student? While aid is not allocated on this basis, calculation of county aid per full-time-equivalent student does provide a different way of assessing local support of community colleges:

County Aid per Full-time-equivalent Student, FY87-91

College	FY87	FY88	FY89	FY90	FY91
Montgomery	$2,141	$2,322	$2,316	$2,321	$2,494
Howard	1,357	1,564	1,758	1,811	2,117
Essex	1,377	1,415	1,566	1,417	1,434
Catonsville	1,384	1,368	1,425	1,365	1,358
Anne Arundel	1,270	1,300	1,234	1,131	1,191
Prince George's	784	821	838	947	1,051

Throughout the FY87-91 period, Prince George's County provided substantially less aid per student than its peer counties. While these ratios reflect changes in enrollment as well as aid levels--Anne Arundel, for example, experienced a 36 percent increase in enrollment over FY87-91--it is clear that PGCC has operated with considerably less local aid per student than its peers. Aid provided by Howard County has increased faster than enrollment growth at Howard Community College, so HCC has enjoyed rising levels of local aid per student over the period.

Share of County Budgets Contributed to Community Colleges

Perhaps the most direct way to assess relative county support for community colleges is to calculate the percentage of the counties' general fund expenditures contributed to the college boards of trustees. The Maryland Department of Fiscal Services presents the necessary data in their annual Local Government Finances in Maryland publication. For example, in FY90 Prince George's County allocated $9.1 million to PGCC out of total general fund expenditures of $792.6 million, or 1.1 percent of its budget. Similar data for FY86-90 for Prince George's and its peer counties are shown in the following table:

Percentage of County General Fund Expenditures
Contributed to Local Community Colleges

County	FY86	FY87	FY88	FY89	FY90
Baltimore	3.2	3.4	3.5	3.7	3.5
Montgomery	2.3	2.6	2.7	2.8	2.5
Anne Arundel	2.6	2.5	2.5	2.4	2.2
Howard	2.0	1.9	2.1	2.3	2.2
Prince George's	1.2	1.2	1.2	1.2	1.1

As the above table documents, Prince George's County has allocated 1.2 percent or less of its budget to PGCC, while peer counties have contributed on average twice as large a share of their budgets to their community colleges.

Share of Total County Expenditures from All Revenue Sources

An alternative way of examining county support based on expenditure data is to examine the share of total county expenditures of revenue from all sources including restricted fund federal and state grants. The Department of Fiscal Services included this analysis for major expenditure functions in its Local Government Finances reports. In FY90, Prince George's County expended a total of $1,487,645,351. Of this amount, $36,998,802 was expended at PGCC according to the DFS report. By this method, PGCC received 2.5 percent of total Prince George's County expenditures for fiscal year 1990. Similar calculations for the County and its peers for FY86-90 produce the following:

Percentage of Total County Expenditures
Expended for Local Community Colleges

County	FY86	FY87	FY88	FY89	FY90
Baltimore	6.5	7.4	7.5	7.3	7.1
Anne Arundel	4.2	4.3	4.1	4.0	4.3
Montgomery	4.3	4.5	4.6	4.5	4.3
Howard	3.9	3.8	3.8	5.4	4.2
Prince George's	3.0	3.0	2.7	2.6	2.5

Inclusion of expenditures of restricted fund revenues does not change the central finding that Prince George's County has expended a substantially smaller share of its revenues on its community college than its peer counties have expended on their community colleges.

County Aid, Cost per Student, and Tuition in FY91

How did county aid levels relate to tuition and fees charged students? Comparative data for fiscal year 1991 found that the colleges whose counties provided the highest levels of aid per student, Montgomery and Howard, also had the highest costs per student and charged relatively high tuition and fees. Prince George's, with the lowest level of county support, had the highest tuition and fee charges:

FY91 County Aid, Cost per FTE, and Student Charges

College	County Aid per FTE	Total Cost per FTE	Tuition/fees per Hour
Montgomery	$2,494	$4,811	$48.40
Howard	2,117	4,298	48.40
Essex	1,434	3,303	36.00
Catonsville	1,358	3,416	36.00
Anne Arundel	1,191	3,085	43.40
Prince George's	1,051	3,561	53.00

Summary

The Board of Trustees of Prince George's Community College submits this report in compliance with Section 8 of Chapter 465 of the Acts of 1991. This summary of cost containment measures adopted by the Board, a discipline cost analysis, and an evaluation of County funding support reflects the Board's commitment to a College known for its cost efficient operation and quality educational programs. The reason student charges at Prince George's Community College exceed those of neighboring Maryland community colleges is the lower level of county support received by the College.

Appendix

Cost per Full-time Equivalent Student, Rank Order, FY92.....20

Cost per Full-time Equivalent Student, Rank Order, FY92

Discipline	Total Cost	FTEs	Cost/FTE
Education	$66,252	9.80	$6,760
Office Administration	395,994	59.27	6,681
Nuclear Medicine	89,662	13.50	6,642
Respiratory Therapy	165,028	24.93	6,620
Electronics Eng. Tech.	193,982	32.10	6,043
Anthropology	65,766	11.40	5,769
Drafting	178,462	31.07	5,744
Medical Records	94,110	17.40	5,409
Career Planning	248,185	47.10	5,269
Physical Education	937,278	178.00	5,266
Radiography	165,450	31.53	5,247
Horticulture	45,355	8.83	5,136
Geography	90,400	18.47	4,894
Computer Service Tech.	85,647	17.77	4,820
Nursing	763,965	165.00	4,630
Music	279,948	61.37	4,562
Physics	184,823	40.53	4,560
Hospitality Services Mgt.	67,024	14.77	4,538
Chemistry	545,206	120.90	4,510
Foreign Languages	531,794	116.67	4,558
Literature	386,368	87.40	4,421
Health Education	271,762	62.90	4,321
English	2,644,895	635.77	4,160
Theatre	108,083	27.13	3,984
Philosophy	352,385	89.30	3,946
Political Science	212,922	54.00	3,943
History	843,854	215.00	3,925
Speech	1,141,882	291.77	3,914
Art	539,257	139.57	3,864
Engineering	124,195	32.63	3,806
Real Estate	88,050	23.50	3,747
Biology	1,473,664	395.50	3,726
Continuing Education	11,093,190	3022.34	3,670
Sociology	538,035	147.10	3,658
Early Childhood Education	168,829	46.73	3,613
English as a Foreign Language	402,768	112.10	3,593
Microcomputer Systems	321,958	89.83	3,584
Computer Technology/Programming	1,156,788	331.43	3,490
Economics	511,295	151.20	3,382
Remedial Reading	586,464	173.73	3,376
Mathematics	2,100,704	629.50	3,337
Accounting	1,196,461	363.03	3,296
Business/Management	1,337,716	406.10	3,294
Psychology	1,053,840	322.73	3,265
Marketing	196,229	60.40	3,249
Physical Science	332,181	102.77	3,232
Health Services	17,227	5.60	3,076
Remedial English	520,306	177.60	2,930
Remedial Math	1,033,539	356.50	2,899
Criminal Justice	423,282	146.47	2,890
Paralegal	294,665	103.47	2,848
Early Childhood Management	15,333	5.60	2,738

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